

MIDCON INTERIM REPORT*Land Activity*

During the past six months Midcon has acquired 81,059 acres of Federal Permits in the Beaufort Sea and 186,998 acres of Federal Permits in the Great Bear Lake area of the Northwest Territories. We are currently considering a marine seismic program for the summer of 1970 on Great Bear Lake which would be conducted jointly with other Federal Permit holders in the area including Yellowknife Bear Mines, Alminex, Canadian Export Gas and Oil, and Atlantic Richfield.

0699 DEVELOPMENT

In September, 1969, Midcon and our partner Pembina Pipe Line Ltd. drilled and completed four good new natural gas wells in Township 12 Range 5 W 4th in the Seven Persons Creek area of the Medicine Hat gas field. Midcon has a 42.48% interest in these wells which have absolute open flow ratings ranging from 1.5 million to 2.0 million cubic feet of gas per day for each well. These wells have now been tied in to the South Alberta gas pipeline and all four wells are now on production.

MIDCON

OIL & GAS

LIMITED

Interim Report**SEPTEMBER 30, 1969**

MIDCON OIL & GAS LIMITED

Six Months Ended
September 30
1969 1968

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

INCOME

Gross Oil and Gas Revenue	\$ 73,649.23	\$ 91,163.15
Interest and Dividends	21,364.83	20,983.11
Profit on Sale of Fixed Assets	1,318.05	
	<u>96,332.11</u>	<u>112,146.26</u>
Producing, Processing and Transportation Costs	56,785.09	53,922.37
Exploration Expenses	149.45	
General and Administrative Expenses	21,093.28	18,616.17
Loan Interest		1,209.77
Depreciation, Depletion and Amortization	41,521.97	54,506.56
Advances to Wholly Owned Subsidiary Written Off	70.00	
Income Applicable to Minority Interest	2,528.85	5,032.32
	<u>122,148.64</u>	<u>133,287.19</u>
NET LOSS	<u>\$ 25,816.53</u>	<u>\$ 21,140.93</u>

Six Months Ended
September 30
1969 1968

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS (UNAUDITED)

SOURCE OF FUNDS

Depreciation, Depletion and Amortization	\$ 41,521.97	\$ 54,506.56
Net Loss for the Period	25,816.53	21,140.93
	<u>15,705.44</u>	<u>33,365.63</u>
Profit of Subsidiary Applicable to Minority Interest	2,528.85	5,032.32
	<u>\$ 18,234.29</u>	<u>\$ 38,397.95</u>

APPLICATION OF FUNDS

Purchase of Interests in Petroleum and Natural Gas Leases and Rights	\$ 2,250.00	\$ 4,302.00
Well Development and Equipment Expenditures	14,201.89	3,703.23
Purchase of Other Capital Assets	4,618.05	
Deposits re Performance of Work	18,807.20	5,269.25
Expendable Advances	2,500.00	
	<u>42,377.14</u>	<u>13,274.48</u>
Decrease (Increase) in Working Capital	24,142.85	(25,123.47)
Working Capital beginning of the Year	258,672.04	183,428.76
<u>WORKING CAPITAL AT SEPTEMBER 30</u>	<u>\$234,529.19</u>	<u>\$208,552.23</u>